

PERFORMANCE BASED AGREEMENTS

PACIFIC NORTHWEST NATIONAL LABORATORY

FY 1998 negotiations with Pacific Northwest National Laboratory (Pacific Northwest) are not complete and the contract was extended to June 29, 1998.

BECHTEL HANFORD, INC.

A fee pool is funded for each performance period. Seventy percent (70%) of the fee pool is identified as Performance Based Fee, and is earned by Bechtel Hanford, Inc. (BHI) based on Performance scores. Thirty percent (30%) of the Fee Pool is identified as Basic Fee, and is paid to BHI on a monthly basis. The Basic Fee is divided in two equal parts: the Base Fee and the At Risk Fee. The Base Fee is nonrefundable, while the At Risk Fee may be subject to refund based on BHI performance during the period. The diagram, found on page E-5a, illustrates the fee pool allocation.

Performance will be measured for each Performance Based Contract Incentive (PBCI). The basis for the PBCIs is the annual Detailed Work Plan (DWP) and all subsequent approved Baseline Change Proposals (BCPs). By completing the scope of work (within cost, schedule, and quality) contained in the DWP (and subsequent revisions via BCPs) the contractor may earn the full performance fee associated with that PBCI. Some PBCIs will be measured for provisional payment at the end of the Period 98-1. The final payment at the end of Period 98-2 will be based on performance for the entire year and may award the total fee for both periods. The total numerical score (i.e., the sum of the scores assigned to each PBCI) determines the amount of the Performance Based Fee earned by the Contractor. The completed work will also be assessed against performance standards that the contractor must meet. Fee deductions will be made from the earned fee in accordance with the scoring methodology for the standards where warranted

The Performance Based Fee Pool for Period 98-1 and 98-2 is as follows:

Total Fee Pool	=	\$10,550,000
Performance Based Fee	=	70 percent of Fee Pool
Performance Based Fee Pool	=	\$ 7,385,000
Performance Based Fee Pool Per Period	=	\$ 3,692,500
Performance Based Fee Per Point	=	\$ 36,925

PROJECT HANFORD MANAGEMENT CONTRACT

The PHMC PAs due in April 1998 are:

SNF 1.1.6 - Complete development, issuance, and training on OCRWM Quality Assurance Implementing Procedures.

TWR 3.4.4 – Declaration of readiness for operation of supernate line and operation test of slurry line.

TWR 6.1.1 - Support W-465 Performance Assessment and Validation.

CFO 2.1.1 - Review performance measurement and cost charging practices; submit written report to RL.

SOCIOECONOMIC GOALS

Socioeconomic Program Objective:

It is the policy of the government to aid, counsel, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise, and ensure a fair proportion of the total contracts or subcontracts for the government be placed with small business concerns. In order to increase the contracting and subcontracting opportunities for small, disadvantaged, and women-owned small businesses (WOSB) at the Hanford Site, RL maintains a multi-faceted Small Business Program. The Federal Acquisition Regulations also authorize federal agencies and its contractors to set aside acquisitions exclusively for small business participation.

BHI, Pacific Northwest, Hanford Environmental Health Foundation (HEHF), and the PHMC and its major subcontractors, have subcontracting plans contained within their respective contracts. These plans include the subcontracting goals (percentage) for small, disadvantaged, and WOSB. FY 1998 small business goals were developed for BHI, HEHF, Pacific Northwest, and the PHMC based on the previous years' goals and the upcoming subcontracting opportunities, i.e., estimated subcontracting dollars for the FY 1998.

Outreach activities by RL and the Hanford Site contractors are another element of the Small Business Program. RL and the contractors attend local and regional small business conferences to advise and educate small businesses on how to do business with the Hanford Site.

Progress to date:

RL's fiscal-year-to-date (FYTD) performance appears to greatly exceed goals; however, sizeable large business contract awards – TWRS Privatization Contractor and Energy Savings Performance Contract - are scheduled for later in the fiscal year and will normalize the FYTD small business performance. The majority of obligations for the month of April were to small disadvantaged businesses.

Recent closeout actions have resulted in a deobligation of \$1,301,503 to a large business which shows a negative \$506,263 in the large business category . This closeout activity also affected the local, regional, and cost categories for the month of April and FYTD totals.

HEHF's FYTD statistics show that they are exceeding the FY 1998 goals. Pacific Northwest FYTD statistics indicate that they are not meeting the small business goal or the women-owned small business goal. They are, however exceeding the small disadvantaged goal. After a review by PNNL, it was found that approved exclusions had not been deducted from PNNL's base; therefore, the small business results have slightly improved. The PHMC's FYTD statistics appears to indicate that the small business goal is not being met; however, the small disadvantaged and the women-owned small business goals are being exceeded. BHI's FYTD statistics show that they are exceeding the FY 1998 goals. With the balance of the fiscal year remaining, it is anticipated that there will be ample opportunity to achieve the FY 1998 goals.

Hanford Site statistics indicate that the small business goal is not being met; however, the small disadvantaged and women-owned goals are being exceeded.

Initiatives/Outreach

- RL and contractor small business representatives continue to attend monthly planning meetings for the 1998 Mid-Columbia Small Business Conference scheduled for May.
- Coordination of workshop topics have been discussed and finalized for the above mentioned conference.
- In support of the DOE Women-Owned Small Business Campaign, RL and the contractor Small Business Program Representatives are scheduling a Business Assistance Workshop on June 25, 1998.
- FDH Supplier Advocate Office met with representatives of Senator Patty Murray's office. This discussion covered local small business concerns about getting contracts and working with the Enterprise companies.

- FDH Supplier Advocate Office met with Crew 52 (a group of local small businesses) to provide information on the PHMC procurement process.
- FDH Supplier Advocate Office has received ten applications for the Mentor-Protégé program. The applications are being screened and the viable candidates will be forwarded to the committee for further review.